

CONTRACT #2
RFS # 318.65-148

**Department of Finance &
Administration / Bureau of
TennCare**

VENDOR:
Fox Systems, Inc.



RECEIVED

APR 19 2005

FISCAL REVIEW

STATE OF TENNESSEE
BUREAU OF TENNCARE
729 CHURCH STREET
NASHVILLE, TENNESSEE 37247-6501

April 19, 2005

Mr. Jim White, Director
Fiscal Review Committee
G-19 War Memorial Building
Nashville, TN 37243

Attention: Leni Chick

RE: Bureau of TennCare Contract Submitted for Fiscal Review

Dear Mr. White:

The Department of Finance and Administration, Bureau of TennCare, is submitting for review by the Fiscal Review Committee amendment #6 to FA-03-15071-00, between TennCare and Fox Systems, Inc. This contractor has been assisting TennCare to oversee the activities performed by the MMIS contractor as a result of TennCare Program changes. This continued support will entail all activities as requested by the State to implement program changes through a stabilization period, including program modifications required to process recipient eligibility and benefits entitlement based on changes that may occur pursuant to required program initiatives. Critical to this process will be the review of file layouts, data elements, and programming logic modified by the vendor. This amendment, which extends the term of contract for an additional nine (9) months, will increase maximum liability to the State by \$946,920.00

We would greatly appreciate the approval of this amendment by the Fiscal Review Committee.

Sincerely,

J. D. Hickey
Deputy Commissioner

REQUEST: NON-COMPETITIVE AMENDMENT

APPROVED

Commissioner of Finance & Administration

Date:

4-19-05

Each of the request items below indicates specific information that must be individually detailed or addressed as required.
A REQUEST CAN NOT BE CONSIDERED IF INFORMATION PROVIDED IS INCOMPLETE, NON-RESPONSIVE, OR DOES NOT
CLEARLY ADDRESS EACH OF THE REQUIREMENTS INDIVIDUALLY AS REQUIRED.

| | | | |
|---|---|-----------------------------|---|
| RFS # | 318.65-148 | | |
| STATE AGENCY NAME : | Department of Finance and Administration, Bureau of TennCare | | |
| SERVICE CAPTION : | Support Services for TCMIS | | |
| CONTRACT # | FA-03-15071-00 | PROPOSED AMENDMENT # | 6 |
| CONTRACTOR : | Fox Systems, Inc. | | |
| CONTRACT START DATE : | 09/15/2002 | | |
| CURRENT, LATEST POSSIBLE END DATE : (including ALL options to extend) | 06/30/2005 | | |
| CURRENT MAXIMUM LIABILITY : | \$3,588,404.00 | | |
| LATEST POSSIBLE END DATE <u>WITH</u> PROPOSED AMENDMENT : (including ALL options to extend) | 03/31/2006 | | |
| TOTAL MAXIMUM COST <u>WITH</u> PROPOSED AMENDMENT : (including ALL options to extend) | \$4,535,324.00 | | |
| APPROVAL CRITERIA : (select one) | <input checked="checked" type="checkbox"/> use of Non-Competitive Negotiation is in the best interest of the state <input type="checkbox"/> only one uniquely qualified service provider able to provide the service | | |
| ADDITIONAL REQUIRED REQUEST DETAILS BELOW (address each item immediately following the requirement text) | | | |
| (1) description of the proposed additional service and amendment effects : | | | |

This amendment will extend the term of the contract to allow the Contractor sufficient time to continue services already being performed which includes providing resources during the post-implementation period of the MMIS and until the new system is certified by CMS. Additionally, they will provide assistance with document preparation and coordination of resources in obtaining required MMIS certification by CMS within required timeframes. The Contractor will act on behalf of TennCare to oversee the work performed by the vendor required as a result of TennCare Program changes. This support will entail all activities as requested by the State to implement program changes through a stabilization period, including program modifications required to process recipient eligibility and benefits entitlement based on changes that may occur pursuant to required program initiatives. Critical to this process will be the review of file layouts, data elements, and programming logic modified by the vendor.

(2) explanation of need for the proposed amendment :

This amendment is brought about as a result of program changes which have been encountered with implementation of the new system and the need to ensure that TennCare has the resources to effectively convert to the new system as well as continuation of services not yet completed by Contractor which are critical to TennCare's reform implementation.

(3) name and address of the proposed contractor's principal owner(s) :
(not required if proposed contractor is a state education institution)

Company is Employee Owned
Mark Shishida, Chief Executive Officer
4110 North Scotsdale Road, Suite 343
Scottsdale, AZ 85251

(4) documentation of OIR endorsement of the Non-Competitive procurement request :
(required only if the subject service involves information technology)

select one:

☐

Documentation Not Applicable to this Request

☒

Documentation Attached to this Request

(5) documentation of Department of Personnel endorsement of the Non-Competitive procurement request :
(required only if the subject service involves training for state employees)

select one:

☒

Documentation Not Applicable to this Request

☐

Documentation Attached to this Request

(6) description of procuring agency efforts to identify reasonable, competitive, procurement alternatives rather than to use non-competitive negotiation :

Fox Systems, Inc. has been associated with the TCMIS project since its inception, and involved in the writing of the RFP and its processing. This contractor is the only provider reasonable to undertake this continued support requirement throughout this critical transition period.

(7) justification of why the F&A Commissioner should approve a Non-Competitive Amendment :

This vendor is nationally recognized and has a proven history in the TennCare management system. This amendment provides for the continuation of intense review of test results and will ensure a clean conversion of existing MMIS data into the new interchange data structures. The Bureau of TennCare strongly requests that this amendment is approved by F&A in an effort to ensure a smooth transition.

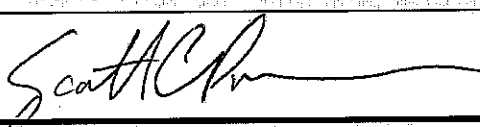
AGENCY HEAD REQUEST SIGNATURE:

(must be signed by the ACTUAL procuring agency head as detailed on the Signature Certification on file with OCR — signature by an authorized signatory will be accepted only in documented exigent circumstances)

SIGNATURE DATE:

4-19-05

C O N T R A C T S U M M A R Y S H E E T

| | | | | |
|---|---|---|--------------------------------|--------------|
| RFS Number: 318.65-148 | | Contract Number: FA-03-15071-06 | | |
| State Agency: Department of Finance and Administration | | Division: Bureau of TennCare | | |
| Contractor: | | Contractor Identification Number | | |
| Fox Systems, Inc. | | X V- C- | 680121468 00 | |
| Service Description | | | | |
| Support Services for TCMIS | | | | |
| Contract Begin Date | | Contract End Date | | |
| 09/15/02 | | 03/31/2006 | | |
| Allotment Code | Cost Center | Object Code | Fund | |
| 318.65 | 112 | 083 | 11 | |
| | | Grant | | |
| | | X on STARS | | |
| Grant Code | Subgrant Code | | | |
| | | | | |
| FY | State Funds | Federal Funds | Interdepartmental Funds | |
| | | | Other Funding | |
| | Total Contract Amount (including ALL amendments) | | | |
| 2003 | | | \$930,440.00 | |
| 2004 | \$174,748.00 | \$524,244.00 | \$343,510.00 | |
| 2005 | \$403,862.00 | \$1,211,600.00 | | |
| 2006 | \$236,730.00 | \$710,190.00 | | |
| | | | | |
| Total: | \$815,340.00 | \$2,446,034.00 | \$1,273,950.00 | |
| CFDA # | Check the box ONLY if the answer is YES: | | | |
| 93.778 | Department of Health & Human Services Title XIX | | | |
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | | |
| | | | | |
| Name: Scott Pierce | | Is the Contractor a VENDOR? (per OMB A-133) | | |
| Address: 729 Church Street | | | | |
| Phone: Nashville, TN | | Is the Fiscal Year Funding STRICTLY LIMITED? | | |
| (615) 741-8155 | | | | |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor on STARS? | | |
| | | | | |
|  | | Is the Contractor's FORM W-9 ATTACHED? | | |
| | | Is the Contractors Form W-9 Filed with Accounts? | | |
| | | | | |
| COMPLETE FOR ALL AMENDMENTS (only) | | Funding Certification | | |
| | Base Contract & Prior Amendments | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. | | |
| | This Amendment ONLY | | | |
| END DATE → | 06/30/05 | | | 03/31/2006 |
| FY: 2003 | \$930,440.00 | | | |
| FY: 2004 | \$1,042,502.00 | | | |
| FY: 2005 | \$1,615,462.00 | | | |
| FY: 2006 | | | | \$946,920.00 |
| FY: | | | | |
| Total: | \$3,588,404.00 | \$946,920.00 | | |

**AMENDMENT #6 TO
CONTRACT FA-03-15071-00
BETWEEN
DEPARTMENT OF FINANCE AND ADMINISTRATION
BUREAU OF TENNCARE
AND
FOX SYSTEMS, INC.**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Fox Systems, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section B.1 in its entirety and insert the following in its place:

B.1 This Contract shall be effective for the period commencing on September 15, 2002 and ending on March 31, 2006. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

2. Delete Section C.1 in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Four Million, Five Hundred Thirty-Five Thousand, Three Hundred Twenty-Four Dollars (\$4,535,324.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. Delete the first paragraph of Section C.3 in its entirety and insert the following in its place. The remainder of Section C.3 remains unchanged:

C.3 The Contractor shall be compensated based on Service Rates in Attachment A, Attachment A.1, Attachment B, Attachment B.1 and Attachment C for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1 The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A, Attachment A, Attachment A.1,

Attachment B, Attachment B.1, Attachment C, Attachment D, and Attachment E and Attachment E.1.

4. Add Attachment E.1 to contract.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

Mark Shishida, Chief Executive Officer

Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M. D. Goetz, Jr., Commissioner

Date

COMPTROLLER OF THE TREASURY:

John G. Morgan, Comptroller of the Treasury

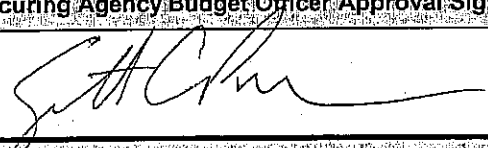
Date

Attachment E.1

TennCare Reform/Transition Implementation

| Position | Duration | Maximum Rate/Hours | Not to Exceed Fixed Fee |
|--|----------------------------------|-------------------------------|--|
| Project Manager | July 1, 2005 – March 31, 2006 | \$125.00 per hr/1560 hrs | \$226,200.00 |
| Consultants (3) | July 1, 2005 – March 31, 2006 | \$135.00 per hr/4680 hrs | \$631,800.00 |
| Certification Asst. Project Manager | July 1, 2005 – March 31, 2006 | \$112.00 per hr/780 hrs | \$88,920.00 |
| Totals | | 4680 | \$946,920.00 |

C O N T R A C T S U M M A R Y S H E E T

| | | | | | | | |
|--|---|--|--------------------------------|---|---|----------------------|--|
| RFS Number: | | 318.65-148 | | Contract Number: | | FA-03-15071-05 | |
| State Agency: | | Department of Finance and Administration | | Division: | | Bureau of TennCare | |
| Contractor | | | | Contractor Identification Number | | | |
| Fox Systems, Inc. | | | | <input checked="" type="checkbox"/> V- <input checked="" type="checkbox"/> C- | | 680121468 00 | |
| Service Description | | | | | | | |
| Support Services for TCMIS | | | | | | | |
| Contract Begin Date | | | | Contract End Date | | | |
| 09/15/2002 | | | | 06/30/2005 | | | |
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code | |
| 318.65 | 112 | 083 | 11 | X on STARS | | | |
| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) | | |
| 2003 | | | \$930,440.00 | | \$930,440.00 | | |
| 2004 | \$174,748.00 | \$524,244.00 | \$343,510.00 | | \$1,042,502.00 | | |
| 2005 | \$403,862.00 | \$1,211,600.00 | | | \$1,615,462.00 | | |
| | | | | | | | |
| | | | | | | | |
| Total: | \$578,610.00 | \$1,735,844.00 | \$1,273,950.00 | | \$3,588,404.00 | | |
| CFDA # | | 93.778 | | Check the box ONLY if the answer is YES: | | | |
| State Fiscal Contact | | | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | | | |
| Name: Scott Pierce Address: 729 Church Street Phone: Nashville, TN (615) 532-1362 | | | | Is the Contractor a VENDOR? (per OMB A-133) | | | |
| | | | | Is the Fiscal Year Funding STRICTLY LIMITED? | | | |
| | | | | Is the Contractor on STARS? | | | |
| Procuring Agency Budget Officer Approval Signature | | | | Is the Contractor's FORM W-9 ATTACHED? | | | |
|  | | | | Is the Contractors Form W-9 Filed with Accounts? | | | |
| | | | | | | | |
| COMPLETE FOR ALL AMENDMENTS (only) | | | | Funding Certification | | | |
| | Base Contract & Prior Amendments | This Amendment ONLY | | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. | | | |
| END DATE → | 06/30/2005 | | | | | | |
| FY: 2003 | \$930,440.00 | | | | | | |
| FY: 2004 | \$1,042,502.00 | | | | | | |
| FY: 2005 | \$833,847.00 | \$781,615.00 | | | | | |
| FY: | | | | | | | |
| FY: | | | | | | | |
| Total | \$2,806,789.00 | \$781,615.00 | | | | | |

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DEC 21 2004

MANAGEMENT SERVICES

11412
 DIRECTOR OF ACCOUNTS

AMENDMENT #5

TO CONTRACT FA-03-15071-00

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Fox Systems, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Add the following as Sections A.7 and A.8:

A.7 The Contractor will provide the resources detailed in Attachment D during the post-implementation period of the MMIS and until the new system is certified by CMS. The Contractor will provide assistance with document preparation and coordination of resources in obtaining required MMIS certification by CMS within required time frames.

A.8 FOX will act on behalf of TennCare to oversee the work performed by the vendor required as a result of TennCare program changes. Additionally, Fox will provide support for TennCare program changes. This support will entail all activities as requested by the State to implement program changes through a stabilization period. This work will entail the programming modifications required to process recipient eligibility and benefits entitlement based on changes that may occur pursuant to required program initiatives. Critical to this process will be the review of file layouts, data elements, and programming logic modified by the vendor.

2. Add Attachment D as part of this Contract.

3. Add Attachment E as part of this Contract.

4. Delete Section C.1 in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Three Million, Five Hundred Eighty Eight Thousand, Four Hundred and Four Dollars (\$3,588,404.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the

Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

5. Delete the first paragraph of Section C.3 in its entirety and insert the following in its place. The remainder of Section C.3 remains unchanged:

C.3 The Contractor shall be compensated based on Service Rates in Attachment A, Attachment A.1, Attachment B, Attachment B.1 and Attachment C for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1 The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A, Attachment A, Attachment A.1, Attachment B, Attachment B.1, Attachment C, Attachment D, and Attachment E.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

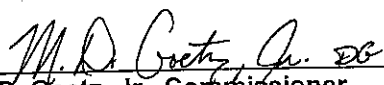
IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:



Desh Ahuja, Executive Vice President
Date 12-08-04

DEPARTMENT OF FINANCE AND ADMINISTRATION:



M. D. Goetz, Jr., Commissioner
Date 12/15/2004

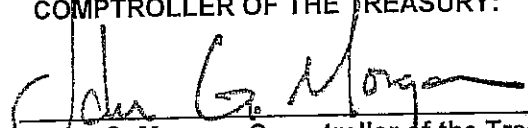
APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:



M. D. Goetz, Jr., Commissioner
Date DEC 21 2004

COMPTROLLER OF THE TREASURY:



John G. Morgan, Comptroller of the Treasury
Date 12/23/04

Attachment D

Post Implementation and Additional Certification Support

| Consultant | Task | DURATION | Maximum Rate/Hours | Maximum Fee |
|---------------------------|---|---------------------------------|-----------------------------|-------------|
| Assistant Project Manager | Post Implementation and Certification Support | January 1, 2005 – June 30, 2005 | \$114 per hour / 1120 hours | \$127,680 |
| Mark Shishida | Certification Support | January 1, 2005 – June 30, 2005 | \$128 per hour / 600 hours | \$ 76,800 |
| Desh Ahuja | Certification Support | April 1, 2005 – June 30, 2005 | \$128 per hour / 120 hours | \$15,360 |
| Total Hours and Cost | | | 1840hours | 219,840 |

Attachment E

TennCare Reform/Transition Implementation

| Position | Duration | Maximum Rate/Hours | Not to Exceed Fixed Fee |
|-----------------|-----------------------------------|----------------------------|-------------------------|
| Project Manager | December 15, 2004 – June 30, 2005 | \$125.00 per hr / 1300 hrs | \$162,500.00 |
| Consultant | December 15, 2004 – June 30, 2005 | \$135.00 per hr / 845 hrs | \$112,475.00 |
| Consultant | January 1, 2005 – June 30, 2005 | \$135.00 per hr / 960 hrs | \$129,600.00 |
| Consultant | January 1, 2005 – June 30, 2005 | \$135.00 per hr / 960 hrs | \$129,600.00 |
| Totals | | 4065 hrs | \$ 561,775.00 |

CONTRACT SUMMARY SHEET

| | | | |
|----------------------|--|--|--------------------|
| RFS Number: | 318.65-148 | Contract Number: | FA-03-15071-04 |
| State Agency: | Department of Finance and Administration | Division: | Bureau of TennCare |
| Contractor | | Contractor Identification Number | |
| Fox Systems, Inc. | | <input checked="" type="checkbox"/> V- <input checked="" type="checkbox"/> C- | 680121468 00 |

Service Description

Support Services for TCMIS

| | |
|----------------------------|--------------------------|
| Contract Begin Date | Contract End Date |
| 09/15/02 | 06/30/05 |

| | | | | | | |
|-----------------------|--------------------|--------------------|-------------|--------------|-------------------|----------------------|
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code |
| 318.65 | 112 | 083 | 11 | X on STARS | | |

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|---------------|---------------------|-----------------------|-------------------------|---------------|---|
| 2003 | | | \$930,440.00 | | \$930,440.00 |
| 2004 | \$174,748.00 | \$524,244.00 | \$343,510.00 | | \$1,042,502.00 |
| 2005 | \$208,462.00 | \$625,385.00 | | | \$833,847.00 |
| | | | | | |
| | | | | | |
| Total: | \$383,210.00 | \$1,149,629.00 | \$1,273,950.00 | | \$2,806,789.00 |

| | | | |
|--|--|---|---|
| CFDA # | | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact Name: Dean Daniel Address: 729 Church Street Phone: Nashville, TN (615) 532-1362 | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| | | Is the Contractor a VENDOR? (per OMB A-133) | x |
| | | Is the Fiscal Year Funding STRICTLY LIMITED? | |
| Procuring Agency Budget Officer Approval Signature | | Is the Contractor on STARS? | x |
| | | Is the Contractor's FORM W-9 ATTACHED? | |
| | | Is the Contractors Form W-9 Filed with Accounts? | x |

| COMPLETE FOR ALL AMENDMENTS (only) | | | Funding Certification | |
|------------------------------------|----------------------------------|---------------------|---|--|
| | Base Contract & Prior Amendments | This Amendment ONLY | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. | |
| END DATE → | 06/30/05 | | | |
| FY: 2003 | \$930,440.00 | | | |
| FY: 2004 | \$1,042,502.00 | | | |
| FY: 2005 | | \$833,847.00 | | |
| FY: | | | | |
| FY: | | | | |
| Total: | \$1,972,942.00 | \$833,847.00 | | |

OCT - 5 2004

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 COMPTROLLER'S OFFICE
 OFFICE OF
 MANAGEMENT SERVICES

AMENDMENT #4

TO CONTRACT FA-03-15071-00

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Fox Systems, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Add the following as Sections A.6:

A.6 Between March 31, 2004 and August 9, 2004, the Contractor will conduct intense reviews of all test results and the outcome of data conversion processes to ensure a clean conversion of the existing MMIS data into the new interChange data structures. The Contractor will assist the State to ensure that the new TCMIS processes all claims, encounters, eligibility, and enrollment, and all other MMIS transactions to the satisfaction of TennCare and the Contractor.

2. Add Attachment A.1 as part of this Contract.

3. Add Attachment B.1, as part of this Contract.

4. Add Attachment C as part of this Contract.

5. Delete Section C.1 in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed Two Million, Eight Hundred and Six Thousand, Seven Hundred and Eighty Nine Dollars (\$2,806,789.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

6. Delete the first paragraph of Section C.3 in its entirety and insert the following in its place. The remainder of Section C.3 remains unchanged:

C.3 The Contractor shall be compensated based on Service Rates in Attachment A, Attachment A.1, Attachment B, Attachment B.1 and Attachment C for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1 The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A, Attachment A, Attachment A.1, Attachment B, Attachment B.1, Attachment C.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

Mark Shishida September 14, 2004
Mark Shishida, Chief Executive Officer Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. GOETZ, JR. ^{JDR} 9/16/2004
M. D. Goetz, Jr., Commissioner Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

M.D. Goetz, Jr. ^{JDR} SEP 28 2004
M. D. Goetz, Jr., Commissioner Date

COMPTROLLER OF THE TREASURY:

John G. Morgan 9/29/04
John G. Morgan, Comptroller of the Treasury Date

The following documents represent those deliverables with reviews between October 1, 2003 and March 31, 2004. Some underwent as many as three or four reviews during this time period. Those with dates subsequent to 03/31/04 is due to work in progress that started before this date but not finished until after this date.

Attachment A.1
EXTENDED REVIEW
PAYMENT MILESTONES TCMIS DESIGN & IMPLEMENTATION SUPPORT

| Additional Reviews of DSDs | | | | | | |
|---------------------------------------|---|--|------------------|-------------------------|----------------------------------|----------------------------------|
| | Date of deliverable or comment log date | Version of Document | Version Invoiced | Date of invoice for DSD | Original Amount Invoiced for DSD | Service Rate for Extended Review |
| Accounting & Financial Management DSD | 10/17/2003 | Version 4.0 | Version 3.0 | 8/5/2003 | \$7,250 | \$5,000 |
| AVRS DSD | 10/17/2003 11/14/2003 | Version 3.0 Version 4.0 | Version 2.1 | 8/4/2003 | \$7,250 | \$5,000 |
| Contract management DSD | 4/11/2003 6/24/2003 9/30/2003 1/30/2004 | Version 1 Version 2 Version 3 Version 4 | | Did not bill | 0 | \$10,000 |
| Claims DSD See Note (4) | 10/21/2003 12/4/2003 4/19/2004 | Version 5 Version 5.1 Version 6 | Version 4 | 9/18/2003 | \$72,500 | \$25,000 |
| Comprehensive DSD | 3/1/2004 5/04/2004 | Version 4 Version 5 | Version 3 | 9/18/2003 | \$7,250 | \$10,000 |
| EDI DSD | 9/30/2003 11/10/2003 3/17/2004 3/30/2004 | Version 3 Version 4 Version 5 Version 6 | Version 2 | 8/4/2003 | \$7,250 | \$5,000 |
| Eligibility DSD See Note (4) | 1/5/2004 3/1/2004 5/1/2004 | Version 4 Version 4.1 Version 5 | Version 3 | 9/18/2003 8/5/2003 | \$14,500 \$7,250 | \$20,000 |
| Enrollment DSD | 1/30/2004 4/23/2004 5/3/2004 | Version 3 Version 3.1 Version 4 | Version 2 | 9/18/2003 | \$7,250 | \$20,000 |
| EPSDT DSD | 10/14/2003 11/13/2003 02/11/2004 | Version 4 Version 5 Version 6 | Version 3 | 8/4/2003 | \$7,250 | \$5,000 |

| | | | | | | |
|---|--|---|-------------|--------------------------------------|---------------------|--------------|
| Financial Processing DSD | 10/15/2003 10/17/2003 4/14/2004 | Version 3 Version 4 Version 4.1 | Version 2.1 | 8/4/2003 | \$7,250 | \$5,000 |
| Fraud & Abuse DSD | 3/29/2004 | Version 3 | Version 2.1 | 8/5/2003 9/18/2003 | \$7,250 \$14,500 | \$5,000 |
| Information Management DSD | | | | Will be billed under CTS and Imaging | 0 | \$5,000 |
| Internet DSD | 10/15/2003 4/12/2004 | Version 4 Version 5 | Version 3 | 8/5/2003 | \$7,250 | \$5,000 |
| MARS DSD | 2/4/2004 | Version 3 | Version 2 | 8/4/2003 | \$7,250 | \$5,000 |
| Medicare Buy-In DSD | 10/17/2003 | Version 4 | Version 3 | 8/4/2003 | \$7,250 | \$5,000 |
| Premium Management DSD | 10/23/2003 | Version 3 | Version 2 | 8/5/2003 | \$7,250 | \$5,000 |
| Provider DSD | 10/13/2003 | Version 6 | Version 5 | 8/5/2003 | \$7,250 | \$5,000 |
| Reference Data Maintenance DSD | 10/2/2003 | Version 4 Version 3 was skipped | Version 2.1 | 8/4/2003 | \$7,250 | \$5,000 |
| Security Management | 4/11/2003 6/27/2003 7/24/2003 10/23/2003 3/1/2004 | Version 1 Version 2 Version 3 Version 4 Version 4.1 | | Did not bill | 0 | \$5,000 |
| Systemwide DSD | 4/14/2003 6/27/2003 10/23/2003 | Version 1 Version 2 Version 3 | | Did not bill | 0 | \$5,000 |
| TPL DSD | 9/30/2003 12/23/2003 2/17/2004 3/25/2004 5/17/2004 | Version 3 Version 4 Version 5 Version 6 Version 7 | Version 2 | 8/5/2003 | \$7,250 | \$10,000 |
| Total Billed for DSDs | | | | | \$72,500.00 | |
| Subtotal for additional DSD review effort | | | | | | \$170,000.00 |
| Additional Reviews of User and Procedure Manuals | | | | | | |
| Accounting UPM | 7/15/2003 7/31/2003 11/12/2003 2/17/2004 2/25/2004 | Version 1 Version 2 Version 3 Version 4 Version 5 | | See Note (1) | | \$7,250 |

| | | | | |
|---|---|---|-----------------|----------|
| AS400 UPM | 8/14/2003 8/29/2003 9/18/2003 11/3/2003 | Version 1 Version 2 Version 3 Version 4 | See Note (1) | \$7,250 |
| AVRS UPM | 8/6/2003 11/6/2003 | Version 1 Version 2 | See Note (1) | |
| Claims UPM | 8/7/2003 11/10/2003 2/4/2004 | Version 1 Version 2 Version 3 | See Note (1) | \$7,250 |
| Contract Management UPM | 10/29/2003 1/23/2004 3/1/2004 | Version 1 Version 2 Version 3 | See Note (1) | \$7,250 |
| Drug Rebate UPM | 10/6/2003 11/3/2003 2/27/2004 4/20/2004 | Version 1 Version 2 Version 3 Version 4 | See Note (1) | \$7,250 |
| EDI UPM | 7/11/2003 7/28/2003 11/03/2003 1/28/2004 | Version 1 Version 2 Version 3 Version 4 | See Note (1) | \$7,250 |
| Eligibility UPM | 8/13/2003 11/26/2003 12/31/2003 no date 2/20/2004 3/1/2004 5/1/2004 | Version 1 Version 2 Version 3 Version 4 Version 5 Version 5.1 Version 6 | See Note (1) | \$17,250 |
| Enrollment UPM | 7/30/2003 2/21/2004 4/8/2004 | Version 1 Version 2 Version 3 | See Note (1) | \$7,250 |
| EPSDT UPM | 7/16/2003 8/8/2003 11/3/2003 11/10/2003 1/23/2004 2/17/2004 | Version 1 Version 2 Version 3 Version 4 Version 5 Version 6 | See Note (1) | \$7,250 |
| Financial UPM | 7/9/2003 11/4/2003 1/23/2004 | Version 1 Version 2 Version 3 | See Note (1) | \$7,250 |
| Fraud and Abuse | 10/28/2003 3/5/2004 | Version 1 Version 2 | See Note (1) | \$7,250 |
| Information Management UPM | 9/30/2003 10/23/2003 | Version 1 Version 2 | See Note (1) | \$7,250 |
| Information Management – Admin Services UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |

| | | | | |
|--|------------|-----------|-----------------|---------|
| Information Management – Info Line UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – LTM UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – OCDC UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – OGC UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – PI UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – Provider Svc UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – TARU UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – TSU UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Internet UPM | 6/1/2003 | Version 1 | See Note (1) | \$7,250 |
| | 8/22/2003 | Version 2 | | |
| | 10/30/2003 | Version 3 | | |
| | 2/12/2004 | Version 4 | | |
| MAR UPM | 10/28/2003 | Version 1 | See Note (1) | \$7,250 |
| | 2/12/2004 | Version 2 | | |
| | 3/31/2004 | Version 3 | | |
| Medicare Buy-In UPM | 8/7/2003 | Version 1 | See Note (1) | \$7,250 |
| | 9/5/2003 | Version 2 | | |
| | 11/6/2003 | Version 3 | | |
| Premium Management UPM | 5/1/2003 | Version 1 | See Note (1) | \$7,250 |
| | 8/1/2003 | Version 2 | | |
| | 11/13/2003 | Version 3 | | |
| | 3/4/2004 | Version 4 | | |
| Provider UPM | 7/17/2003 | Version 1 | See Note (1) | \$7,250 |
| | 8/12/2003 | Version 2 | | |
| | 11/3/2003 | Version 3 | | |
| | 1/30/2004 | Version 4 | | |
| Reference UPM | 8/8/2003 | Version 1 | See Note (1) | \$7,250 |
| | 8/28/2003 | Version 2 | | |
| | 11/10/2003 | Version 3 | | |
| | 2/27/2004 | Version 4 | | |
| | 4/8/2004 | Version 5 | | |
| TPL UPM | 7/30/2003 | Version 1 | See Note (1) | \$7,250 |
| | 10/13/2003 | Version 2 | | |
| | 12/23/2003 | Version 3 | | |
| | 4/15/2004 | Version 4 | | |
| | 5/17/2004 | Version 5 | | |

| | | | | |
|--|---|---|-----------------|---------|
| Information Management – Info Line UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – LTM UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – OCDC UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – OGC UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – PI UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – Provider Svc UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – TARU UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Information Management – TSU UPM | 2/18/2004 | Version 1 | See Note (1) | \$7,250 |
| Internet UPM | 6/1/2003 8/22/2003 10/30/2003 2/12/2004 | Version 1 Version 2 Version 3 Version 4 | See Note (1) | \$7,250 |
| MAR UPM | 10/28/2003 2/12/2004 3/31/2004 | Version 1 Version 2 Version 3 | See Note (1) | \$7,250 |
| Medicare Buy-In UPM | 8/7/2003 9/5/2003 11/6/2003 | Version 1 Version 2 Version 3 | See Note (1) | \$7,250 |
| Premium Management UPM | 5/1/2003 8/1/2003 11/13/2003 3/4/2004 | Version 1 Version 2 Version 3 Version 4 | See Note (1) | \$7,250 |
| Provider UPM | 7/17/2003 8/12/2003 11/3/2003 1/30/2004 | Version 1 Version 2 Version 3 Version 4 | See Note (1) | \$7,250 |
| Reference UPM | 8/8/2003 8/28/2003 11/10/2003 2/27/2004 4/8/2004 | Version 1 Version 2 Version 3 Version 4 Version 5 | See Note (1) | \$7,250 |
| TPL UPM | 7/30/2003 10/13/2003 12/23/2003 4/15/2004 5/17/2004 | Version 1 Version 2 Version 3 Version 4 Version 5 | See Note (1) | \$7,250 |

| | | | | | |
|--|--|---|-----------------|---|--------------|
| Phase III Acceptance | 3/13/2003 4/10/2003 7/24/2003 10/6/2003 10/22/2003 | Version 1 Version 2 Version 3 Version 4 Version 5 | See Note (3) | 0 | \$10,000 |
| Phase III Conversion Plan | 10/10/2003 12/10/2003 12/30/2003 1/29/2004 | Version 1 Version 2 Version 3 Version 4 | See Note (3) | 0 | \$5,000 |
| Subtotal for additional Plans and Results review effort | | | | | \$30,000.00 |
| TOTAL | | | | | \$452,330.00 |

(1) (2) Both User & Procedure Manuals and Operation manuals are invoiced to the contract items TCMIS Operations Manual and TCMIS User Manuals for the rate of \$7,250 for each phase.

(3) There was no phase III in the original contract, therefore these documents have not been billed.
 (4) Claims DSD was billed under 10 different contract items. Eligibility DSD was billed to 3 different items.

| |
|------------------------------|
| Billed as part of Claims DSD |
| Claims Receipt and Control |
| Claims Entry |
| Edit and Audit Processing |
| Adjustment Processing |
| Claims Pricing |
| Claims Resolution |
| Claims Operations Management |
| Pro-Durs |
| Long Term Care |
| Prior Authorization |

| |
|--------------------------------------|
| Billed as part of Eligibility DSD |
| Beneficiary Data Maintenance |
| Beneficiary Eligibility Verification |
| System Eligibility/Enrollment |

ATTACHMENT B 1

SCOPE OF ADDITIONAL SERVICES

The State of Tennessee has identified supplemental IV&V staffing needs in two areas for the TCMIS implementation which are proposed at a fixed price, as follows:

1. **UAT testers** – supplement the six TCMIS Testing teams by providing three additional testers with UAT experience and MMIS subject matter expertise. These three testers will be provided through Phases 2 and 3 of UAT for a period of five and one-half months.
2. **Conversion management** – Conversion management – provide a strong and experienced MMIS conversion manager and conversion subject matter expert to review, coordinate, monitor, and oversee the EDS conversion plans, activities and deliverables, and provide feedback to State project management on those activities to ensure complete and accurate data conversion through Phase III conversion. This will require one full time resource with conversion experience until TennCare acceptance of Phase III. This resource will also coordinate with the testing teams to ensure that all interfaces comply with the TCMIS record formats.

The payment milestones are as follows:

| Activity | Payment Milestone | Extended Review Payment Through 8/31/04 |
|---------------------------|---|---|
| UAT Support – Phase II | State approval of Phase II Acceptance Test Plan, Acceptance Test Criteria, and Acceptance Test Scenarios. | \$231,347.00 |

It is understood that FOX will deliver these services on a fixed-fee basis and that the estimates were developed with a Phase III completion date of August 31, 2004. If schedule changes result in a change to the completion date past August 31, 2004, the parties will negotiate in good faith the terms for the additional required FOX resources.

Attachment C

Project Management Support

| Consultant | Task | DURATION | Maximum Rate/Hours | Maximum Fee* |
|-------------------------|-----------------|----------------------------------|-------------------------------|-------------------------|
| Frank Matina | Project Manager | June 1, 2004 – August 9, 2004 | \$145 per hour / 346 hours | \$ 50,170 |
| Total Hours and Cost | | | 346 | \$ 50,170 |

CONTRACT SUMMARY SHEET

| | | | |
|----------------------|--|---|--------------------|
| RES Number: | 318.65-148 | Contract Number: | FA-03-15071-03 |
| State/Agency: | Department of Finance and Administration | Division: | Bureau of TennCare |
| Contractor: | | Contractor Identification Number: | |
| Fox Systems, Inc. | | <input checked="" type="checkbox"/> X V- <input type="checkbox"/> C- | 680121468 00 |

Service Description:
Support Services for TCMIS

| | |
|-----------------------------|---------------------------|
| Contract Begin Date: | Contract End Date: |
| 09/15/2002 | 06/30/2005 |

| | | | | | | |
|------------------------|---------------------|---------------------|--------------|---------------|--------------------|-----------------------|
| Allotment Code: | Cost Center: | Object Code: | Fund: | Grant: | Grant Code: | Subgrant Code: |
| 318.65 | 112 | 083 | 11 | X on STARS | | |

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|---------------|--------------|---------------|-------------------------|---------------|---|
| 2003 | | | \$930,440.00 | | \$930,440.00 |
| 2004 | \$174,748.00 | \$524,244.00 | \$343,510.00 | | \$1,042,502.00 |
| 2005 | | | | | * Rollover |
| | | | | | |
| | | | | | |
| Total: | \$174,748.00 | \$524,244.00 | \$1,273,950.00 | | \$1,972,942.00 |

| | | | |
|----------------|--------|---|--|
| CFDA #: | 93.778 | Check the box ONLY if the answer is YES: | |
|----------------|--------|---|--|

| | | | |
|-----------------------------|---------------------------------|--|--|
| State Fiscal Contact | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: | Dean Daniel | Is the Contractor a VENDOR? (per OMB A-133) | |
| Address: | 729 Church Street | x | |
| Phone: | Nashville, TN (615) 532-1362 | Is the Fiscal Year Funding STRICTLY LIMITED? | |

| | |
|---|--|
| Procuring Agency Budget Officer Approval Signature | Is the Contractor on STARS? |
| 6/7/04 | x |
| | Is the Contractor's FORM W-9 ATTACHED? |
| | Is the Contractor's Form W-9 Filed with Accounts? |
| | x |

| COMPLETE FOR ALL AMENDMENTS (only) | | | Funding Certification | |
|------------------------------------|---|----------------------------|---|--|
| | Base Contract & Prior Amendments | This Amendment ONLY | Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. | |
| END DATE → | 06/30/2004 | 06/30/2005 | | |
| FY: 2003 | \$930,440.00 | | | |
| FY: 2004 | \$1,042,502.00 | | | |
| FY: 2005 | | 0 | | |
| FY: | | | | |
| FY: | | | | |
| Total: | \$1,972,942.00 | 0 | | |

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 OFFICE OF
 MANAGEMENT SERVICES

AMENDMENT #3

TO CONTRACT FA-03-15071-00

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Fox Systems, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:


1. Delete Section B.1 in its entirety and insert the following in its place:

B.1 This Contract shall be effective for the period commencing on September 15, 2002 and ending on June 30, 2005. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

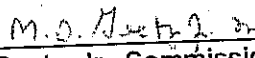
IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:


Mark Shishida, Chief Executive Officer

6/4/04
Date

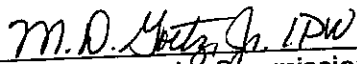
DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

6/7/04
Date

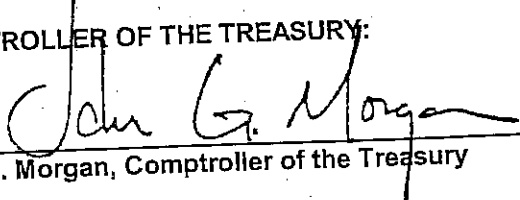
APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

JUN 10 2004
Date

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the Treasury

6/11/04
Date

CONTRACT SUMMARY SHEET

| | | | |
|----------------------|--|-------------------------|--------------------|
| RFS Number: | 318.65-148 (formerly 317.03-086) | Contract Number: | FA-03-15071-02 |
| State Agency: | Department of Finance and Administration | Division: | Bureau of TennCare |

| | |
|-------------------|---|
| Contractor | Contractor Identification Number |
| Fox Systems, Inc. | <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">X</div> <div style="border: 1px solid black; padding: 2px; margin-right: 5px;">V-</div> <div style="border: 1px solid black; padding: 2px;">C-</div> </div> 680121468 00 |

| |
|---|
| Service Description |
| Support Services for TCMIS – Amendment #2 Transfers Contract from F&A, OIR to F&A, TennCare |

| | |
|----------------------------|--------------------------|
| Contract Begin Date | Contract End Date |
| 09/15/02 | 06/30/04 |

| | | | | | | |
|-----------------------|--------------------|--------------------|-------------|--------------|-------------------|----------------------|
| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code |
| See Attached | See Attached | 083 | 11 | X on STARS | | |

| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) |
|---------------|---------------------|---------------------|-------------------------|---------------|---|
| 2003 | | | \$930,440.00 | | \$930,440.00 |
| 2004 | \$174,748.00 | \$524,244.00 | \$343,510.00 | | \$1,042,502.00 |
| | | | | | |
| | | | | | |
| | | | | | |
| Total: | \$174,748.00 | \$524,244.00 | \$1,273,950.00 | | \$1,972,942.00 |

| | | |
|---------------|--------|---|
| CFDA # | 93.778 | Check the box ONLY if the answer is YES: |
|---------------|--------|---|

| | |
|---|--|
| State Fiscal Contact | <div style="border: 1px solid black; padding: 2px;"> Is the Contractor a SUBRECIPIENT? (per OMB A-133) </div> |
| Name: Dean Daniel Address: 729 Church Street Phone: Nashville, TN (615) 532-1362 | <div style="border: 1px solid black; padding: 2px;"> Is the Contractor a VENDOR? (per OMB A-133) </div> |
| | <div style="border: 1px solid black; padding: 2px;"> Is the Fiscal Year Funding STRICTLY LIMITED? </div> |
| Procuring Agency Budget Officer Approval Signature <div style="font-family: cursive; font-size: 1.2em;">Dean Daniel</div> | <div style="border: 1px solid black; padding: 2px;"> Is the Contractor on STARS? </div> |
| | <div style="border: 1px solid black; padding: 2px;"> Is the Contractor's FORM W-9 ATTACHED? </div> |
| | <div style="border: 1px solid black; padding: 2px;"> Is the Contractors Form W-9 Filed with Accounts? </div> |

| | | | |
|---|----------------------------|---------------------|---|
| COMPLETE FOR ALL AMENDMENTS (only) | | | Funding Certification Pursuant to T.C.A., Section 9-6-113, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. |
| Base Contract & Prior Amendments | This Amendment ONLY | | |
| END DATE → | 06/30/04 | | |
| FY: 2003 | \$930,440.00 | | |
| FY: 2004 | \$900,862.00 | \$141,640.00 | |
| FY: | | | |
| FY: | | | |
| FY: | | | |
| Total: | \$1,831,302.00 | \$141,640.00 | |

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 MANAGEMENT SERVICES
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Office of Contracts Review

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number

FA-03-15071-02

Fiscal Year

2003

[illegible]

CONTRACT SUMMARY SHEET SUPPLEMENT

Contract Number FA-03-15071-02

Fiscal Year: 2004

[illegible]

**AMENDMENT #2
TO CONTRACT FA-03-15071-00**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Fox Systems, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.2 in its entirety and insert the following in its place:

A.2. The Contractor's work shall be authorized and approved by the State Office for Information Resources for the period September 15, 2002 thru November 30, 2003. Effective December 1, 2003, the Contractor's work shall be authorized and approved by the Bureau of TennCare.

2. Add the following to the end of Contract Attachment A:

| Task | Description | Period of Performance | Effort | Assigned Resources | Charge |
|---------------------------------------|--|---|-----------|-------------------------------|-----------|
| Phase 1 Interchange Impact Assessment | This assessment will define and document workload, assess skill levels needed to support automated processes and technology, define contractor and TennCare responsibilities | December 15, 2003 through March 1, 2004 | 720 Hours | James Henderson Jim Norred | \$104,440 |

3. Delete Attachment B, Paragraph 3 in its entirety and replace with the following:

2. Conversion management – provide a strong and experienced MMIS conversion manager and conversion subject matter expert to review, coordinate, monitor, and oversee the EDS conversion plans, activities and deliverables, and provide feedback to State project management on those activities to ensure complete and accurate data conversion through Phase III conversion. This will require one full time resource with conversion experience until TennCare acceptance of Phase III. This resource will also coordinate with the testing teams to ensure that all interfaces comply with the TCMIS record formats.

4. Delete Attachment B, Last Paragraph in its entirety and replace with the following:

It is understood that FOX will deliver these services on a fixed-fee basis and that the estimates were developed with a Phase III completion date of March 31, 2004.

If schedule changes result in a change to the completion date past March 31, 2004, the parties will negotiate in good faith the terms for the additional required FOX resources.

5. Add the following to the end of Contract Attachment B:

| Task | Description | Period of Performance | Effort | Assigned Resources | Charge |
|-----------------------------------|---|---|-----------|--------------------|----------|
| Phase Three Conversion Management | Conversion management support to cover Phase 3 conversion activities. | December 15, 2003 through March 31, 2004. | 240 Hours | John Cole | \$37,200 |

6. Delete Section C.1 in its entirety and insert the following in its place:

- C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed One Million, Nine Hundred Seventy-two Thousand, Nine Hundred Forty-two Dollars (\$1,972,942.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

9. Delete Section E.2 in its entirety and insert the following in its place:

- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:
Deputy Commissioner
Tennessee Department of Finance and Administration
Bureau of TennCare
729 Church Street, 5th Floor
Nashville, TN 37247
Phone: 615-741-0213
615-741-0882

The Contractor:
Charles Goldberg, Director of Consulting Services, Eastern Region
Fox Systems, Inc.
400 Perimeter Center, NE, Suite 900
Atlanta, GA 30346

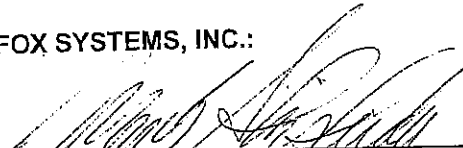
Phone: 770-392-4272
Fax: 770-396-3947

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is confirmed telephonically by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

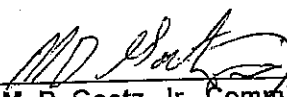
IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:


Mark Shishida, Chief Executive Officer

12-10-03
Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner

12/13/03
Date

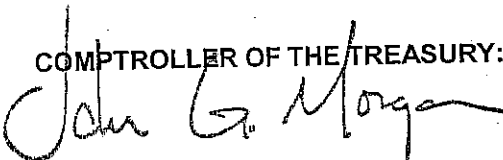
APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner


JAN 26 2004
Date

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the Treasury

1/28/04
Date

CONTRACT SUMMARY SHEET

| | | | |
|--|---------------------|---|-------------------------|
| RFS Number: 317.03-086 | | Contract Number: FA-03-15071-01 | |
| State Agency: Finance and Administration | | Division: OIR - Leslie Humphreys | |
| Contractor: Fox Systems, Inc. | | Contractor Identification Number: 680121488 | |
| <input checked="" type="checkbox"/> V- <input type="checkbox"/> C- | | | |
| Service Description: Support services for the TennCare Management Information System. Amendment adds user acceptance testing and conversion management support services. | | | |
| Contract Begin Date: September 15, 2002 | | Contract End Date: June 30, 2004 | |
| Allotment Code: 317.30 | Cost Center: TNFOX | Object Code: 083 | Fund: 15 |
| Grant: <input type="checkbox"/> on STARS | | Grant Code: | Subgrant Code: |
| FY | State Funds | Federal Funds | Interdepartmental Funds |
| 2003 | | | \$930,440 |
| 2004 | | | \$900,862 |
| Total: | | | \$1,831,302 |
| CFDA # | | Check the box ONLY if the answer is YES: | |
| State Fiscal Contact: | | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Name: Maureen Abbey | | Is the Contractor a VENDOR? (per OMB A-133) | |
| Address: 20 th Floor, Snodgrass Tennessee Tower | | Is the Fiscal Year Funding STRICTLY LIMITED? | |
| Phone: 741-6070 | | Is the Contractor on STARS? | |
| Procuring Agency Budget Officer Approval Signature: | | Is the Contractor's FORM W-9 ATTACHED? | |
|  | | Is the Contractor's Form W-9 Filled with Accounts? | |
| Funding Certification | | | |
| COMPLETE FOR ALL AMENDMENTS (ONLY) | | Pursuant to 41 CFR 101-11.6, I, M. D. Goetz, Jr., Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred. | |
| Base Contract & Prior Amendments | This Amendment ONLY | NOV - 7 2003 | |
| END DATE: 6/30/2004 | 6/30/2004 | DIRECTOR OF ACCOUNTS | |
| FY: 2003 | \$930,440 | RECEIVED | |
| FY: 2004 | \$357,210 | SEP 13 2003 | |
| FY: | | Office of Contracts Review | |
| FY: | | | |
| FY: | | | |
| Total | \$1,287,650 | \$543,652 | |

**AMENDMENT 1
TO CONTRACT FA-03-15071-00**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the State, and Fox Systems, Inc., hereinafter referred to as the Contractor, is hereby amended as follows:

1. Delete Section A.1 in its entirety and insert the following in its place:

A.1. The Contractor shall provide support services related to the TennCare Management Information System (TCMIS). The Contractor shall coordinate and oversee all system design activities to ensure certification by the Center for Medicaid and Medicare Services (CMS). These services/milestones are listed in Attachments A and B.

2. Delete Section C.1 in its entirety and insert the following in its place:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million, eight hundred thirty-one thousand, three hundred and two dollars (\$1,831,302.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

3. Delete the first paragraph of Section C.3 in its entirety and insert the following in its place. The remainder of Section C.3 remains unchanged:

C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates in Attachment A for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A, Attachment A, and Attachment B.

4. Add the following line items to the end of Contract Attachment A:

| | |
|---|-----------|
| State approval of Phase II Acceptance Test Plan, Acceptance Test Criteria, and Acceptance Test Scenarios | \$82,780 |
| TennCare Acceptance of Phase II | \$124,171 |

| | |
|--|-----------|
| State Approval of Phase III Acceptance Test Plan, Acceptance Test Criteria, and Acceptance Test Scenarios | \$82,780 |
| TennCare Acceptance of Phase III | \$124,171 |
| State approval of Conversion Plan, Conversion Modules, and Conversion Test Results for Phase II | \$51,900 |
| TennCare Acceptance of Phase II | \$77,850 |

5. Add the attached Contract Attachment B.

The other terms and conditions of this Contract not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:


Mark Shishida, Chief Executive Officer8-27-03
Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., Commissioner8-29-03
Date

etr

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:


M. D. Goetz, Jr., CommissionerSEP 22 2003
Date

COMPTROLLER OF THE TREASURY:


John G. Morgan, Comptroller of the Treasury9-25-03
Date

ATTACHMENT B

SCOPE OF PROPOSED SERVICES

The State of Tennessee has identified supplemental IV&V staffing needs in two areas for the TCMIS implementation which are proposed at a fixed price, as follows:

1. **UAT testers** – supplement the six TCMIS Testing teams by providing three additional testers with UAT experience and MMIS subject matter expertise. These three testers will be provided through Phases 2 and 3 of UAT for a period of five and one-half months (from now until the end of December 2003). If Phase III UAT requires less FOX support than initially provided, we will be willing to negotiate the scaling back of some of these resources without compromising the quality or timeliness of implementation. Given the enormity of the project and our current experience with the contractor, we suggest the more conservative approach of applying more resources upfront.
2. **Conversion management** – provide a strong and experienced MMIS conversion manager and conversion subject matter expert to review, coordinate, monitor, and oversee the EDS conversion plans, activities and deliverables, and provide feedback to OIR project management on those activities to ensure complete and accurate data conversion through Phase II conversion. This will require two full time resources with conversion experience until TennCare acceptance of Phase II. These resources will also coordinate with the testing teams to ensure that all interfaces comply with the TCMIS record formats.

The payment milestones are as follows:

ALL-INCLUSIVE FEES – FIXED PRICE

| | Payment Milestones | Payment |
|-------------------------|--|------------------|
| UAT Support – Phase II | State approval of Phase II Acceptance Test Plan, Acceptance Test Criteria, and Acceptance Test Scenarios. | \$82,780 |
| | TennCare acceptance of Phase II | \$124,171 |
| UAT Support – Phase III | State Approval of Phase III Acceptance Test Plan, Acceptance Test Criteria, and Acceptance Test Scenarios. | \$82,780 |
| | TennCare acceptance of Phase III | \$124,171 |
| Conversion Management | State approval of Conversion Plan, Conversion Modules, and Conversion Test Results for Phase II | \$51,900 |
| | TennCare acceptance of Phase II | \$77,850 |
| Total | | \$543,652 |

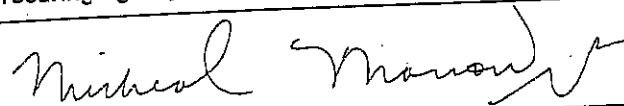
It is understood that FOX will deliver these services on a fixed-fee basis and that the estimates were developed using the current EDS TennCare Plan 6-17-03 with a Phase III completion date of late December 2003.

CONTRACT SUMMARY SHEET

| | | | |
|-------------------|----------------------------|---|---------------------|
| RFS Number: | 317.03-086 | Contract Number: | FA-03-15071-00 |
| State Agency: | FINANCE AND ADMINISTRATION | Division: | OIR - Velvet Hunter |
| Contractor | | Contractor Identification Number | |
| Fox Systems, Inc. | | <input checked="" type="checkbox"/> V- 680121468 <input type="checkbox"/> C- | |

| | |
|---|-------------------|
| Service Description | |
| Support services for the TennCare Management Information System | |
| Contract Begin Date | Contract End Date |
| September 15, 2002 | June 30, 2004 |

| Allotment Code | Cost Center | Object Code | Fund | Grant | Grant Code | Subgrant Code |
|----------------|-------------|---------------|-------------------------|-----------------------------------|--|----------------|
| 317.30 | TNFOX | 083 | 15 | <input type="checkbox"/> on STARS | | |
| FY | State Funds | Federal Funds | Interdepartmental Funds | Other Funding | Total Contract Amount (including ALL amendments) | |
| 2003 | | | \$930,440 | | | \$930,440 |
| 2004 | | | \$357,210 | | | \$357,210 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| Total: | | | \$1,287,650.00 | | | \$1,287,650.00 |

| | | | |
|---|---|---|---|
| CFDA # | State Fiscal Contact | Check the box ONLY if the answer is YES: | |
| Name: MAUREEN ABBEY | Address: 20 TH FL. SNODGRASS BLDG. | Is the Contractor a SUBRECIPIENT? (per OMB A-133) | |
| Phone: 741-6070 | MDA 9/10/02 | Is the Contractor a VENDOR? (per OMB A-133) | x |
| Procuring Agency Budget Officer Approval Signature | | Is the Fiscal Year Funding STRICTLY LIMITED? | |
|  | | Is the Contractor on STARS? | x |
| | | Is the Contractor's FORM W-9 ATTACHED? | |
| | | Is the Contractor's Form W-9 Filed with Accounts? | x |

| COMPLETE FOR ALL AMENDMENTS (only) | | |
|------------------------------------|----------------------------------|---------------------|
| | Base Contract & Prior Amendments | This Amendment ONLY |
| END DATE → | | |
| FY: | | |
| FY: | | |
| FY: | | |
| FY: | | |
| FY: | | |
| Total: | | |

Pursuant to T.C.A., Section 9-6-113, I, C. Warren Neel, Commissioner of Finance and Administration, do hereby certify that there is a balance in the appropriation from which this obligation is required to be paid that is not otherwise encumbered to pay obligations previously incurred.

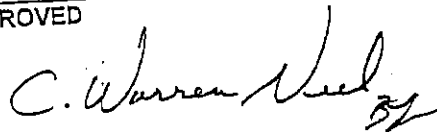
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COMPTROLLER'S OFFICE
OFFICE OF
MANAGEMENT SERVICES

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PROCUREMENT METHOD REQUEST

APPROVED



Commissioner of Finance & Administration

Date: AUG 28 2002

RFS # 317.03-089

State Agency:

Finance and Administration

SERVICE DESCRIPTION:

support services related to the TennCare Management Information System (MIS) Replacement Independent Verification and Validation (IV&V)

BEGIN DATE:

September 1, 2002

END DATE (including all options for term extension):

March 31, 2004

MAXIMUM LIABILITY (including all options for term extension):

\$1.4 million

PROCUREMENT METHOD:

(select one)

☐ COMPETITIVE NEGOTIATION —

APPROVAL CRITERIA:

(select all applicable)

- ☐ public need will not permit the delay incident to the RFP process
(attachment 1: justification of why there is insufficient time for an RFP;
attachment 2: competitive negotiation procedures & contractor selection criteria)
- ☐ no acceptable proposals have been received after an RFP process
(attachment: competitive negotiation procedures & contractor selection criteria)
- ☐ rates payable for the service is regulated by law
(attachment: competitive negotiation procedures & contractor selection criteria)
- ☐ the service is that of a legal or expert witness
(attachment: competitive negotiation procedures & contractor selection criteria)
- ☐ the total procurement cost is less than \$10,000
(attachment: competitive negotiation procedures & contractor selection criteria)

☐ ALTERNATIVE COMPETITIVE METHOD — Comptroller approval may be required
(attachment 1: background information & justification for an alternative procurement method;
attachment 2: procedures & criteria for contractor selection)

☒ NON-COMPETITIVE NEGOTIATION — with: Fox Systems, Inc.


APPROVAL CRITERIA:

(select one)

- ☐ only one uniquely qualified service provider able to provide the service
(attachment: background information & justification)
- ☒ use of Non-Competitive Negotiation is in the best interest of the state
(attachment: background information & justification)

AGENCY HEAD SIGNATURE & DATE:

PRINTED NAME, TITLE, AGENCY:


 Richard Rognehaugh, Deputy Commissioner, CIO

RECEIVED

AUG 28 2002

Original - Contracts Review

RFS 317.03-089
Request, Background Information and Justification

OIR requests approval to enter into non-competitive contract negotiations with Fox Systems, Inc. for support services related to the TennCare Management Information System (TCMIS) Replacement Independent Verification and Validation (IV&V). The contract will be between the Department of Finance and Administration and Fox Systems, Inc. OIR will manage this contract on behalf of the TennCare Bureau.

The State requests approval to negotiate a two and one-half years contract with a one-year extension option. The reason for this timeframe is due to the Tennessee statute of the TennCare Reformation Act of 2002 that requires a full implementation of the TCMIS by January 1, 2004, and the possibility that a one-year extension might be necessary in order to ultimately gain the Center of Medicare and Medicaid Services' (CMS) approval, if for any reason we are successful on or before January 2004.

It is in the best interests of the State of Tennessee to continue a contractual relationship with Fox Systems, Inc. Fox Systems has provided consultation to the State on the definition phases of the TCMIS Replacement project, namely the CMS directed Advanced Planning Document (APD), Joint Application Development (JAD) sessions and the Request for Proposal evaluation. Fox Systems also has extensive experience with getting systems, like the TCMIS Replacement system, certified by CMS. This certification is crucial for the operational "go live" of the enhanced functionality envisaged for the replacement project. Further the extremely short delivery schedule for the TCMIS Replacement system does not allow for competing this IV&V support services contract. Fox Systems is the only vendor with the necessary background and experience with the State of Tennessee necessary to assist the State in meeting mandated deadlines. The short schedule has been mandated by the TennCare Reformation Act of 2002 and the Health Insurance Portability and Access Act of 1996 (HIPAA) and is a driving requirement for all TCMIS Replacement project activities.

**CONTRACT
BETWEEN THE STATE OF TENNESSEE,
DEPARTMENT OF FINANCE AND ADMINISTRATION
AND
FOX SYSTEMS, INC.**

This Contract, by and between the State of Tennessee, Department of Finance and Administration, hereinafter referred to as the "State" and Fox Systems, Inc., hereinafter referred to as the "Contractor," is for the provision of support services related to the replacement of the TennCare Management Information System (TCMIS), as further defined in the "SCOPE OF SERVICES."

The Contractor is a for-profit corporation. The Contractor's address is:

4110 North Scottsdale Road
Suite 345
Scottsdale, Arizona 85251

The Contractor's place of incorporation or organization is California.

A. SCOPE OF SERVICES:

- A.1. The Contractor shall provide support services related to the TennCare Management Information System (TCMIS). The Contractor shall coordinate and oversee all system design activities to ensure certification by the Center for Medicaid and Medicare Services (CMS). These services/milestones are listed in Attachment A.
- A.2. The Contractor's work shall be authorized and approved by the State Office for Information Resources.
- A.3. The Contractor shall provide the State with a full-time on-site Project Manager. Full-time is defined as a minimum of forty (40) hours of service each week. The duties of the Project Manager shall include, but are not limited to, reviewing TCMIS vendor documentation to validate and verify compliance with the implementation plan and systems specifications, providing assessment reports, focusing on the review of TCMIS vendor documents, and providing guidance to the State regarding all requirements that ultimately lead to certification by CMS.

The State shall provide office space for the Project Manager. The State shall also provide connectivity to the State's network and access to printers. The State shall not supply laptop computers, pagers, or cell phones. The Project Manager must have a laptop computer with properly configured and current virus detection and definition software. The laptop must be certified compliant by the State.

- A.4. All Contractor staff assigned to this Contract shall be subject to State approval. If staff replacement is necessary, the Contractor must replace assigned staff with equal or higher skills and experience, as approved by the State.
- A.5. The State may require services, in addition to those described in Section A.1. of this Contract, that are directly related to support for TCMIS and certification by CMS. The Contractor shall provide such services at the hourly rates set forth in Section C.3. of this Contract.

B. CONTRACT TERM:

B.1. Contract Term. This Contract shall be effective for the period commencing on September 15, 2002 and ending on June 30, 2004. The State shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

B.2. Term Extension. The State reserves the right to extend this Contract for an additional period or periods of time representing increments of no more than one (1) year and a total contract term of no more than three (3) years and ten (10) months, provided that the State notifies the Contractor in writing of its intention to do so at least thirty (30) days prior to the contract expiration date. An extension of the term of this Contract will be effected through an amendment to the Contract. If the extension of the Contract necessitates additional funding beyond that which was included in the original Contract, the increase in the State's maximum liability will also be effected through an amendment to the Contract and shall be based upon rates provided for in the original contract.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of the State under this Contract exceed one million two hundred eighty seven thousand, six hundred and fifty dollars (\$1,287,650.00). The Service Rates in Section C.3 shall constitute the entire compensation due the Contractor for the Service and all of the Contractor's obligations hereunder regardless of the difficulty, materials or equipment required. The Service Rates include, but are not limited to, all applicable taxes, fees, overheads, and all other direct and indirect costs incurred or to be incurred by the Contractor.

The Contractor is not entitled to be paid the maximum liability for any period under the Contract or any extensions of the Contract for work not requested by the State. The maximum liability represents available funds for payment to the Contractor and does not guarantee payment of any such funds to the Contractor under this Contract unless the State requests work and the Contractor performs said work. In which case, the Contractor shall be paid in accordance with the Service Rates detailed in Section C.3. The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract.

C.2. Compensation Firm. The Service Rates and the Maximum Liability of the State under this Contract are firm for the duration of the Contract and are not subject to escalation for any reason unless amended.

C.3. Payment Methodology. The Contractor shall be compensated based on the Service Rates in Attachment A for units of service authorized by the State in a total amount not to exceed the Contract Maximum Liability established in Section C.1. The Contractor's compensation shall be contingent upon the satisfactory completion of units of service or project milestones defined in Section A and Attachment A.

As described in Section A.5. of this Contract, the following hourly rates shall apply only for work directly related to TCMIS support services, but not identified as a Milestone deliverable:

| Service by Skill Level | Payment Rate per Hour |
|--------------------------|-----------------------|
| Project Manager | \$155 |
| Senior Systems Architect | \$175 |
| Business Analyst | \$145 |

The Contractor shall submit monthly invoices for project management services. Additional invoices shall be submitted for completed project milestones for the amount stipulated and shall include identification of the milestones accepted by the State including acceptance dates. When invoices reflect hourly rates, such invoices shall include the name of each individual, the

individual's job title, the number of hours worked during the period, the applicable Payment Rate, the total compensation requested for the individual, and the total amount due the Contractor for the period invoiced. All invoices must be in form and substance acceptable to the State with all of the necessary supporting documentation, prior to any payment.

The Contractor shall not be compensated for travel time to the primary location of service provision.

A "month" shall be defined as a calendar month. The Contractor should provide a minimum of forty (40) hours of service each week. The Contractor shall bill only for portions of a month if the Contractor provided fewer than forty (40) hours of service each week in a calendar month. The Contractor shall not bill more than the monthly rate even if the Contractor works more than forty (40) hours in a week.

- C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel, meals, or lodging.
- C.5. Payment of Invoice. The payment of the invoice by the State shall not prejudice the State's right to object to or question any invoice or matter in relation thereto. Such payment by the State shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the amounts invoiced therein.
- C.6. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by the State, on the basis of audits conducted in accordance with the terms of this contract, not to constitute proper remuneration for compensable services.
- C.7. Deductions. The State reserves the right to deduct from amounts which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee any amounts which are or shall become due and payable to the State of Tennessee by the Contractor.
- C.8. Automatic Deposits. The Contractor shall complete and sign an "Authorization Agreement for Automatic Deposit (ACH Credits) Form." This form shall be provided to the Contractor by the State. Once this form has been completed and submitted to the State by the Contractor all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee shall be made by Automated Clearing House (ACH). The Contractor shall not invoice the State for services until the Contractor has completed this form and submitted it to the State.

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is approved by the appropriate State officials in accordance with applicable Tennessee State laws and regulations.
- D.2. Modification and Amendment. This Contract may be modified only by a written amendment executed by all parties hereto and approved by the appropriate Tennessee State officials in accordance with applicable Tennessee State laws and regulations.
- D.3. Termination for Convenience. The State may terminate this Contract without cause for any reason. Said termination shall not be deemed a Breach of Contract by the State. The State shall give the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor for compensation for any service which has not been rendered. Upon such termination, the Contractor shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- D.4. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor violates any terms of this Contract, the State shall have the right to immediately terminate the Contract and withhold payments in excess of fair compensation for completed services. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any breach of this Contract by the Contractor.
- D.5. Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior written approval of the State. If such subcontracts are approved by the State, they shall contain, at a minimum, sections of this Contract pertaining to "Conflicts of Interest" and "Nondiscrimination" (sections D.6. and D.7.). Notwithstanding any use of approved subcontractors, the Contractor shall be the prime contractor and shall be responsible for all work performed.
- D.6. Conflicts of Interest. The Contractor warrants that no part of the total Contract Amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed relative to this Contract.
- D.7. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification protected by Federal, Tennessee State constitutional, or statutory law. The Contractor shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.8. Records. The Contractor shall maintain documentation for all charges against the State under this Contract. The books, records, and documents of the Contractor, insofar as they relate to work performed or money received under this contract, shall be maintained for a period of three (3) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.9. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.10. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.11. Strict Performance. Failure by any party to this Contract to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the parties hereto.
- D.12. Independent Contractor. The parties hereto, in the performance of this Contract, shall not act as employees, partners, joint venturers, or associates of one another. It is expressly acknowledged by the parties hereto that such parties are independent contracting entities and that nothing in this Contract shall be construed to create an employer/employee relationship or to allow either to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purpose whatsoever.

The Contractor, being an independent contractor and not an employee of the State, agrees to carry adequate public liability and other appropriate forms of insurance, including adequate public liability and other appropriate forms of insurance on the Contractor's employees, and to pay all applicable taxes incident to this Contract.

- D.13. State Liability. The State shall have no liability except as specifically provided in this Contract.
- D.14. Force Majeure. The obligations of the parties to this contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.15. State and Federal Compliance. The Contractor shall comply with all applicable State and Federal laws and regulations in the performance of this Contract.
- D.16. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Contractor agrees that it will be subject to the exclusive jurisdiction of the courts of the State of Tennessee in actions that may arise under this Contract. The Contractor acknowledges and agrees that any rights or claims against the State of Tennessee or its employees hereunder, and any remedies arising therefrom, shall be subject to and limited to those rights and remedies, if any, available under *Tennessee Code Annotated*, Sections 9-8-101 through 9-8-407.
- D.17. Completeness. This Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D.18. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions hereof shall not be affected thereby and shall remain in full force and effect. To this end, the terms and conditions of this Contract are declared severable.
- D.19. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, these special terms and conditions shall control.
- E.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by facsimile transmission, by overnight courier service, or by first class mail, postage prepaid, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

The State:
Walter Bubba Mullen
Office for Information Resources
Suite 1900, 312 8th Avenue North
Nashville, TN 37243
615-253-2354
615-532-0471 fax

The Contractor:

Charles Goldberg, Director of Consulting Services, Eastern Region
Fox Systems, Inc.
400 Perimeter Center, NE, Suite 900
Atlanta, GA 30346
770-392-4272
770-398-3947 fax

All instructions, notices, consents, demands, or other communications shall be considered effectively given as of the day of delivery; as of the date specified for overnight courier service delivery; as of three (3) business days after the date of mailing; or on the day the facsimile transmission is received mechanically by the telefax machine at the receiving location and receipt is verbally confirmed by the sender if prior to 4:30 p.m. CST. Any communication by facsimile transmission shall also be sent by United States mail on the same date of the facsimile transmission.

- E.3. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State and/or Federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate the Contract upon written notice to the Contractor. Said termination shall not be deemed a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. Should such an event occur, the Contractor shall be entitled to compensation for all satisfactory and authorized services completed as of the termination date. Upon such termination, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount.
- E.4. State Ownership of Work Products. The State shall have all ownership right, title, and interest, including ownership of copyright, in all work products and data created, designed, developed, derived, documented, installed, or delivered to the State under this Contract. The State shall have royalty-free and unlimited rights to use, disclose, reproduce, or publish, for any purpose whatsoever, all said work products and data. The Contractor shall furnish such information and data upon request of the State, in accordance with the Contract and applicable State law.
- E.5. State Furnished Property. The Contractor shall be responsible for the correct use, maintenance, and protection of all articles of nonexpendable, tangible, personal property furnished by the State for the Contractor's temporary use under this Contract. Upon termination of this Contract, all property furnished shall be returned to the State in good order and condition as when received, reasonable use and wear thereof excepted. Should the property be destroyed, lost, or stolen, the Contractor shall be responsible to the State for the residual value of the property at the time of loss.
- E.6. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:
- No federally appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients of federally appropriated funds shall certify and disclose accordingly.

- E.7. Public Funding Notice. All notices, informational pamphlets, press releases, research reports, signs, and similar public notices prepared and released by the Contractor relative to this Contract shall include the statement, "This project is funded under an agreement with the State of Tennessee." Any such notices by the Contractor shall be approved by the State.
- E.8. Prohibited Advertising. The Contractor shall not refer to this Contract or the Contractor's relationship with the State hereunder in commercial advertising in such a manner as to state or imply that the Contractor or the Contractor's services are endorsed.
- E.9. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State shall be regarded as confidential information in accordance with the provisions of applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards. Such confidential information shall not be disclosed, and all necessary steps shall be taken by the Contractor to safeguard the confidentiality of such material or information in conformance with applicable state and federal law, state and federal rules and regulations, departmental policy, and ethical standards.

The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure. Nothing in this paragraph shall permit Contractor to disclose any information that is confidential under federal or state law or regulations, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties.

It is expressly understood and agreed the obligations set forth in this section shall survive the termination of this Contract.

- E.10. HIPAA Compliance. Contractor warrants to the State that it is familiar with the requirements of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its accompanying regulations, and will comply with all applicable HIPAA requirements in the course of this contract. Contractor warrants that it will cooperate with the State in the course of performance of the contract so that both parties will be in compliance with HIPAA, including cooperation and coordination with State privacy officials and other compliance officers required by HIPAA and its regulations. Contractor will sign any documents that are reasonably necessary to keep the State and Contractor in compliance with HIPAA, including but not limited to business associate agreements.
- E.11. Date/Time Hold Harmless. As required by *Tennessee Code Annotated*, Section 12-4-118, the contractor shall hold harmless and indemnify the State of Tennessee; its officers and employees; and any agency or political subdivision of the State for any breach of contract caused directly or indirectly by the failure of computer software or any device containing a computer processor to accurately or properly recognize, calculate, display, sort or otherwise process dates or times.
- E.12. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities,

losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State in the event such service is necessitated to enforce the terms of this Contract or otherwise enforce the obligations of the Contractor to the State.

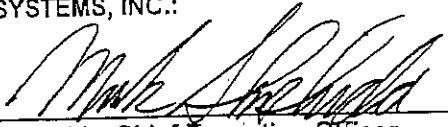
In the event of any such suit or claim, the Contractor shall give the State immediate notice thereof and shall provide all assistance required by the State in the State's defense. The State shall give the Contractor written notice of any such claim or suit, and the Contractor shall have full right and obligation to conduct the Contractor's own defense thereof. Nothing contained herein shall be deemed to accord to the Contractor, through its attorney(s), the right to represent the State of Tennessee in any legal matter, such rights being governed by *Tennessee Code Annotated*, Section 8-6-106.

E.13. Tennessee Consolidated Retirement System. The Contractor acknowledges and understands that, subject to statutory exceptions contained in *Tennessee Code Annotated*, Section 8-36-801, *et. seq.*, the law governing the Tennessee Consolidated Retirement System, provides that if a retired member returns to State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of "employee/employer" and not that of an independent contractor, the Contractor may be required to repay to the Tennessee Consolidated Retirement System the amount of retirement benefits the Contractor received from the Retirement System during the period of this Contract.

E.14. The Contractor agrees that if, for any reason, any work performed under this Contract is not eligible for ninety (90) percent reimbursement to the State from the Center for Medicaid and Medicare Services (CMS), then contract rate described in Section C.3. shall be decreased by one-half of the percentage difference between the actual reimbursement percentage and ninety (90) percent.

IN WITNESS WHEREOF:

FOX SYSTEMS, INC.:

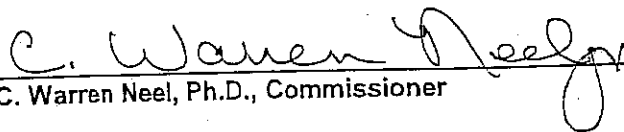


Mark Shishida, Chief Executive Officer

9/6/02

Date

DEPARTMENT OF FINANCE AND ADMINISTRATION:



C. Warren Neel, Ph.D., Commissioner

9-12-02

Date

APPROVED:

DEPARTMENT OF FINANCE AND ADMINISTRATION:

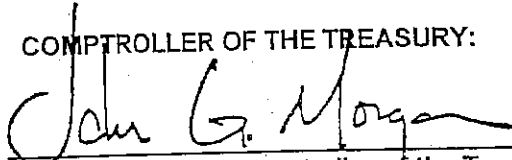


C. Warren Neel, Ph.D., Commissioner

9-19-02

Date

COMPTROLLER OF THE TREASURY:



John G. Morgan, Comptroller of the Treasury

10/7/02

Date

ATTACHMENT A

MILESTONES

SERVICE RATES

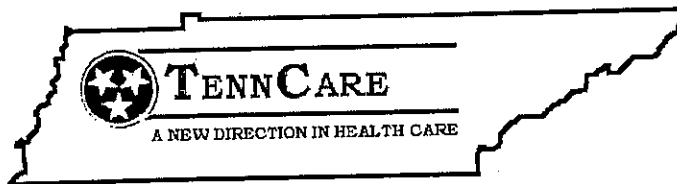
| | |
|---|-----------------------|
| TCMIS DESIGN & IMPLEMENTATION SUPPORT | |
| Project Management Services (to be provided September 15, 2002 through January 16, 2004) | \$31,134.33 per month |
| TCMIS IV&V SUPPORT | |
| Design & Construction Phase | |
| Phase I Design | |
| Facilitate Fox and State Review Quality Management Plan | \$8,750 |
| Eligibility / Enrollment | |
| Coordinate General Systems Design (GSD) & Joint Application Development (JAD) | \$1,575 |
| Meeting with State Staff for Eligibility / Enrollment | \$1,575 |
| Coordinate Eligibility / Enrollment GSD Walkthrough | \$7,250 |
| Facilitate Fox and State Review of Eligibility / Enrollment Detailed Systems Design (DSD) | |
| Premium Management | |
| Coordinate GSD & JAD Meeting with State Staff for Premium Management | \$1,575 |
| Coordinate Premium Management GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Premium Management DSD | \$7,250 |
| Imaging & Document Management | |
| Coordinate GSD & JAD Meeting with State Staff for Imaging & Document Management | \$1,575 |
| Coordinate Imaging & Document Management GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Imaging & Document Management DSD | \$7,250 |
| Computerized Telephony System (CTS) | |
| Coordinate GSD & JAD Meeting with State Staff for CTS | \$1,575 |
| Coordinate CTS GSD Walkthrough With State | \$1,400 |
| Facilitate Fox and State Review of CTS DSD | \$7,250 |
| Accounting & Financial Management Application | |
| Coordinate GSD & J_D Meeting with State Staff for Accounting & Financial Management | \$1,575 |
| Coordinate Accounting & Financial Management GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Accounting & Financial Management DSD | \$7,250 |
| Automated Voice Response System (AVRS) | |
| Coordinate GSD & JAD Meeting with State Staff for AVRS | \$1,575 |
| Coordinate AVRS GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of AVRS DSD | \$7,250 |
| Phase I JAD complete | \$0 |
| Phase II Design | |
| Beneficiary Data Maintenance | |
| Coordinate GSD & JAD Meeting with State Staff for Beneficiary Data Maintenance | \$1,575 |
| Coordinate Beneficiary Data Maintenance GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Beneficiary Data Maintenance DSD | \$7,250 |
| Provider Data Maintenance | |
| Coordinate GSD & JAD Meeting with State Staff for Provider Data Maintenance | \$3,150 |
| Coordinate Provider Data Maintenance GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Provider Data Maintenance DSD | \$7,250 |
| Long-Term Care (LTC) | |
| Coordinate GSD & JAD Meeting with State Staff for LTC Processing | \$1,575 |

| | |
|--|---------|
| Coordinate LTC Processing GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of LTC Processing DSD | \$7,250 |
| Third Party Liability (TPL) | |
| Coordinate GSD & JAD Meeting with State Staff for TPL Processing | \$3,150 |
| Coordinate TPL Processing GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of TPL Processing DSD | \$7,250 |
| Health Insurance Portability and Accountability Act (HIPAA) | |
| Coordinate HIPAA Assessment Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review DSD Work Products for HIPAA Compliance | \$7,250 |
| Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) | |
| Coordinate GSD & JAD Meeting with State Staff for EPSDT Processing | \$1,575 |
| Coordinate EPSDT Processing GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of EPSDT Processing DSD | \$7,250 |
| Prior Authorization | |
| Coordinate GSD & JAD Meeting with State Staff for Prior Authorization Processing | \$1,575 |
| Coordinate Prior Authorization Processing GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Prior Authorization Processing DSD | \$7,250 |
| Reference Data Maintenance | |
| Coordinate GSD & JAD Meeting with State Staff for Reference Data Maintenance | \$1,575 |
| Coordinate Reference Data Maintenance GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Reference Data Maintenance DSD | \$7,250 |
| Claims Receipt and Control | |
| Coordinate GSD & JAD Meeting with State Staff for Claims Receipt and Control | \$1,575 |
| Coordinate Claims Receipt and Control GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Claims Receipt and Control DSD | \$7,250 |
| Claims Entry | |
| Coordinate GSD & JAD Meeting with State Staff for Claims Entry | \$1,575 |
| Coordinate Claims Entry GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Claims Entry DSD | \$7,250 |
| Edit/Audit Processing | |
| Coordinate GSD & JAD Meeting with State Staff for Edit/Audit Processing | \$3,150 |
| Coordinate Edit/Audit Processing GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Edit/Audit Processing DSD | \$7,250 |
| Adjustment Processing | |
| Coordinate GSD & JAD Meeting with State Staff for Adjustment Processing | \$3,150 |
| Coordinate Adjustment Processing GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Adjustment Processing DSD | \$7,250 |
| Claims Pricing | |
| Coordinate GSD & JAD Meeting with State Staff for Claims Pricing | \$3,150 |
| Coordinate Claims Pricing GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Claims Pricing DSD | \$7,250 |
| Claims Resolution | |
| Coordinate GSD & JAD Meeting with State Staff for Claims Resolution | \$3,150 |
| Coordinate Claims Resolution GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Claims Resolution DSD | \$7,250 |
| Claims Operations Management | |
| Coordinate GSD & JAD Meeting with State Staff for Claims Operations Management | \$3,150 |
| Coordinate Claims Operations Management GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Claims Operations Management DSD | \$7,250 |
| Financial Processing | |

| | |
|--|---------|
| Coordinate GSD & JAD Meeting with State Staff for Financial Processing | \$3,150 |
| Coordinate Financial Processing GSD Walkthrough With State | \$1,575 |
| Facilitate Fox and State Review of Financial Processing DSD | \$7,250 |
| Managed Care | \$3,150 |
| Coordinate GSD & JAD Meeting with State Staff for Managed Care | \$1,575 |
| Coordinate Managed Care GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of Managed Care DSD | |
| Drug Rebate Processing | \$1,575 |
| Coordinate GSD & JAD Meeting with State Staff for Drug Rebate Processing | \$1,575 |
| Coordinate Drug Rebate Processing GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of Drug Rebate Processing DSD | |
| Management and Administrative Reporting System (MARS) | \$1,575 |
| Coordinate GSD & JAD Meeting with State Staff for MARS | \$1,575 |
| Coordinate MARS GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of MARS DSD | |
| Beneficiary Eligibility Verification System (BEVS) | \$1,575 |
| Coordinate GSD & JAD Meeting with State Staff for BEVS | \$1,575 |
| Coordinate BEVS GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of BEVS DSD | |
| Retrospective Drug Utilization Review (Retro-DUR) | \$1,575 |
| Coordinate GSD & JAD Meeting with State Staff for Retro-DUR | \$1,575 |
| Coordinate Retro-DUR GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of Retro-DUR DSD | |
| Electronic Claims Capture (ECC / EDI) | \$1,575 |
| Coordinate GSD & JAD Meeting with State Staff for ECC / EDI | \$1,575 |
| Coordinate ECC / EDI GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of ECC / EDI DSD | |
| Prospective Drug Utilization Review (Pro-DUR) | \$1,575 |
| Coordinate GSD & JAD Meeting with State Staff for Pro-DUR | \$1,575 |
| Coordinate Pro-DUR GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of Pro-DUR DSD | |
| Fraud & Abuse | \$3,150 |
| Coordinate GSD & JAD Meeting with State Staff for Fraud & Abuse | \$1,575 |
| Coordinate Fraud & Abuse GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of Fraud & Abuse DSD | |
| Decision Support System (ADHOC) | \$3,150 |
| Coordinate GSD & JAD Meeting with State Staff for ADHOC | \$1,575 |
| Coordinate ADHOC GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of ADHOC DSD | |
| Medicare Buy-In | \$1,575 |
| Coordinate GSD & JAD Meeting with State Staff for Medicare Buy-In | \$1,575 |
| Coordinate Medicare Buy-In GSD Walkthrough With State | \$7,250 |
| Facilitate Fox and State Review of Medicare Buy-In DSD | |
| WEB & Internet | \$1,575 |
| Coordinate GSD & JAD Meeting with State Staff for WEB & Internet | \$1,575 |
| Coordinate WEB & Internet GSD Walkthrough With State | \$7,250 |
| Review of WEB & Internet DSD | |
| Identification of Internal and External Interfaces | |

| | |
|---|----------|
| Review of Internal and External Interfaces Document | \$7,250 |
| Phase I Acceptance Test | |
| Review of Phase I System Test Plan | \$7,250 |
| Review of Test Management Plan | \$7,250 |
| Review of Acceptance Test Criteria & Procedures | \$7,250 |
| Review of Phase I Data Conversion Plan | \$7,250 |
| Review of Conversion Test Results | \$8,700 |
| Review of Comprehensive System Test Results | \$14,500 |
| Review of Revised DSD | \$7,250 |
| Review of Acceptance Test Resolutions Document | \$7,250 |
| Phase II Acceptance Test | |
| Review of Final Conversion Results | \$7,250 |
| Review of Implementation/Installation Strategy Plan | \$7,250 |
| Review of Operational Readiness Report | \$14,500 |
| Phase II Operations & User Manuals | |
| Review of Quick Reference User Document | \$7,250 |
| Review of TCMIS User Manual | \$7,250 |
| Review of TCMIS Operations Manual | \$7,250 |
| Review of Provider Manuals/Handbooks | \$7,250 |
| Phase III Acceptance Test | |
| Review of Disaster Recovery Plan | \$7,250 |
| Review of Phase II System Test Plan | \$7,250 |
| Review of Phase II Data Conversion Plan | \$7,250 |
| Review of Acceptance Test Criteria & Procedures | \$7,250 |
| Review of Conversion Test Results | \$7,250 |
| Review of Capacity Analysis Report | \$7,250 |
| Review of Comprehensive System Test Results | \$7,250 |
| Review of Revised DSD | \$7,250 |
| Review of Acceptance Test Resolutions Document | \$17,400 |
| Phase III Implementation | |
| Review of System Turnover Plan | \$14,500 |
| Review of TCMIS Implementation Plan | \$7,250 |
| Review of Operational Readiness Report | \$7,250 |
| Phase III Operations & User Manuals | |
| Review of TCMIS Procedures Documentation | \$7,250 |
| Review of Quick Reference User Document | \$7,250 |
| Review of TCMIS Operations Manual | \$7,250 |
| Review of TCMIS User Manual | \$7,250 |
| | \$7,250 |
| | \$7,250 |
| | \$7,250 |
| | \$7,250 |

Proposal to



Supplemental Staff Resources for TCMIS IV&V

July 8, 2003



Systems, Inc.

4110 N. Scottsdale Road, Suite 345

Scottsdale, Arizona 85251

Telephone: 480-423-8184

Fax: 480-423-8108

www.foxsys.com

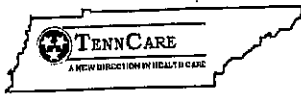


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SCOPE OF PROPOSED SERVICES

The State of Tennessee has identified supplemental IV&V staffing needs in two areas for the TCMIS implementation which are proposed at a fixed price, as follows:

1. **UAT testers** – supplement the six TCMIS Testing teams by providing three additional testers with UAT experience and MMIS subject matter expertise. These three testers will be provided through Phases 2 and 3 of UAT for a period of five and one-half months (from now until the end of December 2003). If Phase 3 UAT requires less FOX support than initially provided, we will be willing to negotiate the scaling back of some of these resources without compromising the quality or timeliness of implementation. Given the enormity of the project and our current experience with the contractor, we suggest the more conservative approach of applying more resources upfront.
2. **Conversion management** – provide a strong and experienced MMIS conversion manager and conversion subject matter expert to review, coordinate, monitor, and oversee the EDS conversion plans, activities and deliverables, and provide feedback to OIR project management on those activities through Phase 2 conversion. This will require two full time resources with conversion experience until TennCare acceptance of Phase 2. These resources will also coordinate with the testing teams to ensure that all interfaces comply with the TCMIS record formats.
- 3.

In the table below, we identify the supplemental staff that we are proposing to support this project. We assume that DSD review is short term and can be performed off-site with appropriate instruction and supervision by the on-site FOX team and our expert resources at FOX corporate headquarters in Arizona. The DSD review activities will be completed by July 31, 2003 (assuming a single additional verification review cycle for some of the DSDs). Many of our consultants can provide support in multiple areas in addition to the DSD reviews. We will work with OIR to assess use outside of the DSD reviews, if necessary.

| Consultant | DSD Review (9 staff) | UAT Testing (3 staff) | Conversion Management (2 staff) | Organizational Change Management (3 staff)*** | Availability for Task |
|--------------|-------------------------|--------------------------|------------------------------------|--|-----------------------|
| John Cole | X | X | | | Immediate |
| Nancy Shump | X | | X | | Immediate |
| David Austin | X | X | | | Immediate |
| John Huestis | | X | | | 2 weeks |



Supplemental Staff Resources for TCMIS IV&V PROPOSAL

| Consultant | DSD Review (9 staff) | UAT Testing (3 staff) | Conversion Management (2 staff) | Organizational Change Management (3 staff)*** | Availability for Task |
|------------------|----------------------------|-----------------------------|---------------------------------------|--|--|
| Bill McDaniel | | X | | | Immediate |
| Robert Pitvorek | | X | | | Immediate |
| Fay Struble | | X | X | | 2 weeks** |
| Robin Pratt | X | | X | | Immediate |
| Joseph Mauer | | | X | | Immediate |
| Tom Walsh | | X | X | X | Immediate* |
| Frankie Rutledge | | | | X | Immediate |
| Kay Shishida | | | | X | Available in 2 weeks |
| Bruce Weydemeyer | | | | X | Available 50% Immediately |
| Susan J Fox | | | | X | Available 50% Immediately |
| TBD | | | | X | Waiting confirmation on two additional resources |

* Can only be on-site 3-4 days a week

** 25% chance of a conflict with another project. Will get a final response in 48 hours

*** If requested, resume for the proposed Organizational Change Management Staff will be provided within 24 hours